

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2006

CITY OF HUNTINGTON

HUNTINGTON COUNTY, INDIANA



FILED
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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Pamela J. Updike	01-01-04 to 12-31-07
Mayor	Terry R. Abbett	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Terry R. Abbett	01-01-04 to 12-31-07
President of the Common Council	Ervin R. Ebersole Joseph E. Blomeke	01-01-06 to 12-31-06 01-01-07 to 12-31-07
Superintendent of Water Utility Plant Distribution	Darold L. Harlan, Jr. Owen L. Kirby	01-01-06 to 12-31-07 01-01-06 to 12-31-07
Superintendent of Wastewater Utility	Collin E. Bullock	01-01-06 to 12-31-07
Utility Office Manager	Todd A. Slusser	01-01-06 to 12-31-07



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF HUNTINGTON, HUNTINGTON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2006, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated August 16, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

The Schedules of Funding Progress and Schedule of Contributions From the Employer and Other Contributing Entities, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 16, 2007



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

TO: THE OFFICIALS OF THE CITY OF HUNTINGTON, HUNTINGTON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 16, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 16, 2007

CITY OF HUNTINGTON
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2006

Functions/Programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 6,357,108	\$ 1,875,178	\$ 17,433	\$ 563,681	\$ (3,900,816)	\$ -	\$ (3,900,816)
Public safety	4,583,534	95,285	72,582	22,916	(4,392,751)	-	(4,392,751)
Highways and streets	1,883,812	26,829	545,137	476,023	(835,823)	-	(835,823)
Sanitation	714,632	266,963	10,406	-	(437,263)	-	(437,263)
Health and welfare	106,500	-	-	-	(106,500)	-	(106,500)
Culture and recreation	1,220,589	98,162	56,715	150,077	(915,635)	-	(915,635)
Economic development	1,178,364	23,522	-	704,715	(450,127)	-	(450,127)
Urban redevelopment and housing	8,663	-	-	255	(8,408)	-	(8,408)
Interest on long-term debt	313,940	-	-	-	(313,940)	-	(313,940)
Total governmental activities	<u>16,367,142</u>	<u>2,385,939</u>	<u>702,273</u>	<u>1,917,667</u>	<u>(11,361,263)</u>	<u>-</u>	<u>(11,361,263)</u>
Business-type activities:							
Water	2,115,476	2,079,158	-	-	-	(36,318)	(36,318)
Wastewater	3,249,146	3,491,217	-	-	-	242,071	242,071
Total business-type activities	<u>5,364,622</u>	<u>5,570,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,753</u>	<u>205,753</u>
Total primary government	<u>\$ 21,731,764</u>	<u>\$ 7,956,314</u>	<u>\$ 702,273</u>	<u>\$ 1,917,667</u>	<u>(11,361,263)</u>	<u>205,753</u>	<u>(11,155,510)</u>
General receipts:							
Property taxes					7,811,768	-	7,811,768
Other local sources					2,859,800	-	2,859,800
Grants and contributions not restricted to specific programs					171,793	-	171,793
Unrestricted investment earnings					292,903	107,537	400,440
Total general receipts					<u>11,136,264</u>	<u>107,537</u>	<u>11,243,801</u>
Change in net assets					(224,999)	313,290	88,291
Net assets - beginning					<u>8,948,921</u>	<u>2,002,412</u>	<u>10,951,333</u>
Net assets - ending					<u>\$ 8,723,922</u>	<u>\$ 2,315,702</u>	<u>\$ 11,039,624</u>
<u>Assets</u>							
Cash and investments					\$ 2,299,998	\$ 936,810	\$ 3,236,808
Restricted assets:							
Cash and investments					<u>6,423,924</u>	<u>1,378,892</u>	<u>7,802,816</u>
Total assets					<u>\$ 8,723,922</u>	<u>\$ 2,315,702</u>	<u>\$ 11,039,624</u>
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 727,935	\$ -	\$ 727,935
Culture and recreation					184,391	-	184,391
Debt service					3,579,771	1,105,308	4,685,079
Other purposes					1,931,827	273,584	2,205,411
Unrestricted					<u>2,299,998</u>	<u>936,810</u>	<u>3,236,808</u>
Total net assets					<u>\$ 8,723,922</u>	<u>\$ 2,315,702</u>	<u>\$ 11,039,624</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HUNTINGTON
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	General	Tax Increment Financing Phase V	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 5,371,516	\$ 992,172	\$ 1,448,080	\$ 7,811,768
Special assessments	-	-	24,154	24,154
Licenses and permits	4,961	-	8,367	13,328
Intergovernmental	2,894,166	-	2,718,790	5,612,956
Charges for services	117,169	-	428,037	545,206
Fines and forfeits	15,324	-	15,832	31,156
Other	350,894	-	121,763	472,657
Total receipts	8,754,030	992,172	4,765,023	14,511,225
Disbursements:				
General government	3,844,647	-	321,695	4,166,342
Public safety	4,512,203	-	71,331	4,583,534
Highways and streets	783,139	-	834,135	1,617,274
Sanitation	247,200	-	417,432	664,632
Health and welfare	106,500	-	-	106,500
Culture and recreation	38,000	-	1,022,751	1,060,751
Economic development	13,240	76,647	483,980	573,867
Urban redevelopment and housing	8,663	-	-	8,663
Debt service:				
Principal	-	20,136	972,019	992,155
Interest	-	50,265	263,675	313,940
Capital outlay:				
General government	-	-	614,594	614,594
Highways and streets	-	-	59,538	59,538
Economic development	-	-	49,342	49,342
Culture and recreation	-	-	159,838	159,838
Total disbursements	9,553,592	147,048	5,270,330	14,970,970
Excess (deficiency) of receipts over disbursements	(799,562)	845,124	(505,307)	(459,745)
Other financing sources (uses):				
Transfers in	99,251	-	608,442	707,693
Transfers out	(86,988)	(300,830)	(319,875)	(707,693)
Total other financing sources (uses)	12,263	(300,830)	288,567	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(787,299)	544,294	(216,740)	(459,745)
Cash and investment fund balance - beginning	2,084,257	2,133,085	4,711,179	8,928,521
Cash and investment fund balance - ending	\$ 1,296,958	\$ 2,677,379	\$ 4,494,439	8,468,776
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:				
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.				255,146
Net assets of governmental activities				\$ 8,723,922
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 1,296,958	\$ -	\$ 747,894	\$ 2,044,852
Restricted assets:				
Cash and investments	-	2,677,379	3,746,545	6,423,924
Total cash and investment assets - December 31	\$ 1,296,958	\$ 2,677,379	\$ 4,494,439	\$ 8,468,776
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Highways and streets	\$ -	\$ -	\$ 727,935	\$ 727,935
Culture and recreation	-	-	184,391	184,391
Debt service	-	2,677,379	902,392	3,579,771
Other purposes	-	-	1,931,827	1,931,827
Unrestricted	1,296,958	-	747,894	2,044,852
Total cash and investment fund balance - December 31	\$ 1,296,958	\$ 2,677,379	\$ 4,494,439	\$ 8,468,776

The notes to the financial statements are an integral part of this statement.

CITY OF HUNTINGTON
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2006

	Water Utility	Wastewater Utility	Total	Internal Service Fund
Operating receipts:				
Metered receipts	\$ 1,616,215	\$ -	\$ 1,616,215	\$ -
Measured receipts	-	3,312,224	3,312,224	-
Fire protection receipts	402,371	-	402,371	-
Penalties	17,366	72,557	89,923	-
Interfund services provided	-	6,882	6,882	-
Other	43,206	99,554	142,760	-
Employer/employee contributions	-	-	-	1,630,918
Total operating receipts	<u>2,079,158</u>	<u>3,491,217</u>	<u>5,570,375</u>	<u>1,630,918</u>
Operating disbursements:				
Payments to suppliers and contractors	807,982	833,732	1,641,714	-
Payments to employees	1,153,694	1,230,223	2,383,917	-
Equipment and capital improvements	120,006	121,950	241,956	-
Interfund services used	6,882	-	6,882	-
Insurance claims and premiums	-	-	-	1,396,172
Total operating disbursements	<u>2,088,564</u>	<u>2,185,905</u>	<u>4,274,469</u>	<u>1,396,172</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(9,406)</u>	<u>1,305,312</u>	<u>1,295,906</u>	<u>234,746</u>
Nonoperating receipts (disbursements):				
Interest receipts	52,983	54,554	107,537	-
Debt service of principal	(25,175)	(659,847)	(685,022)	-
Interest disbursement	<u>(1,737)</u>	<u>(403,394)</u>	<u>(405,131)</u>	<u>-</u>
Total nonoperating receipts (disbursements)	<u>26,071</u>	<u>(1,008,687)</u>	<u>(982,616)</u>	<u>-</u>
Excess of receipts over disbursements and nonoperating receipts	16,665	296,625	313,290	234,746
Cash and investment fund balance - beginning	<u>539,375</u>	<u>1,463,037</u>	<u>2,002,412</u>	<u>20,400</u>
Cash and investment fund balance - ending	<u>\$ 556,040</u>	<u>\$ 1,759,662</u>	<u>\$ 2,315,702</u>	<u>\$ 255,146</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 282,456	\$ 654,354	\$ 936,810	\$ 255,146
Restricted assets:				
Cash and investments	<u>273,584</u>	<u>1,105,308</u>	<u>1,378,892</u>	<u>-</u>
Total cash and investment assets - December 31	<u>\$ 556,040</u>	<u>\$ 1,759,662</u>	<u>\$ 2,315,702</u>	<u>\$ 255,146</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ -	\$ 1,105,308	\$ 1,105,308	\$ -
Other purposes	273,584	-	273,584	-
Unrestricted	<u>282,456</u>	<u>654,354</u>	<u>936,810</u>	<u>255,146</u>
Total cash and investment fund balance - December 31	<u>\$ 556,040</u>	<u>\$ 1,759,662</u>	<u>\$ 2,315,702</u>	<u>\$ 255,146</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HUNTINGTON
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2006

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 765,779	\$ -	\$ -
Plan members	12,235	-	-
State	787,077	-	-
Other	9,705	96,068	-
Total contributions	1,574,796	96,068	-
Agency fund additions	-	-	11,078,496
Total additions	1,574,796	96,068	11,078,496
Deductions:			
Benefits	1,752,389	-	-
Administrative and general	11,178	117,534	-
Other	9,240	-	-
Agency fund deductions	-	-	11,077,016
Total deductions	1,772,807	117,534	11,077,016
Excess (deficiency) of total additions over total deductions	(198,011)	(21,466)	1,480
Cash and investment fund balance - beginning	940,537	23,879	82,889
Cash and investment fund balance - ending	\$ 742,526	\$ 2,413	\$ 84,369

The notes to the financial statements are an integral part of this statement.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment and housing.

The City's financial reporting entity is composed of the primary government, the City of Huntington.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The tax increment financing phase V fund accounts for financial resources from property taxes to be used for improvements for the tax increment financing district.

The City reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the City reports the following fund types:

The internal service fund accounts for health insurance provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds, which accumulate resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the citizens of the City.

The agency fund accounts for assets held by the City as an agent for the City and serves as a control of accounts for certain cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2006, the bank balances held at First Federal Savings Bank in the amount of \$6,589,618 and Bippus State Bank in the amount of \$1,247,000 were collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-City's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13.

Investment Policies

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the City to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The City does not have a formal policy in regards to foreign currency risk.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2006, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>
General Fund	Other governmental	\$ 86,988
Tax Increment Financing Phase V Fund	Other governmental	300,830
Other governmental	General Fund	99,251
	Other governmental	<u>220,624</u>
Total		<u><u>\$ 707,693</u></u>

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$60,000 to \$200,000 per year, depending on the individual. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

Job Related Illnesses or Injuries to Employees

During 2002, the City joined the Indiana Public Employers' Plan Inc., a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses or injuries to employees. The City pays an annual premium to the risk pool for its job related illnesses or injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporation

The City has entered into a capital lease with Huntington NFP Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year totaled \$197,500.

C. Loans Receivable

<u>Borrower</u>	<u>Interest Rates</u>	<u>Amount</u>
DK Enterprises	2.55%	\$ 15,000
Baker Properties	2.28%	50,000
Residential Rehabilitations	3.00%	<u>30,153</u>
Total		<u>\$ 95,153</u>

D. Rate Structure – Enterprise Funds

Water Utility

On May 14, 1991, the City Council adopted Ordinance No. 9-C-91 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the City Council on September 14, 2004.

Wastewater Utility

The current rate structure was approved by the City Council on October 26, 2004.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 213,552	\$ 910,400	\$ 900,700
Interest on net pension obligation	(1,476)	350,900	366,200
Adjustment to annual required contribution	<u>1,682</u>	<u>(382,600)</u>	<u>(399,200)</u>
Annual pension cost	213,758	878,700	867,700
Contributions made	<u>215,442</u>	<u>675,714</u>	<u>776,442</u>
Increase (decrease) in net pension obligation	(1,684)	202,986	91,258
Net pension obligation, beginning of year	<u>(20,361)</u>	<u>5,199,229</u>	<u>5,424,613</u>
Net pension obligation, end of year	<u>\$ (22,045)</u>	<u>\$ 5,402,215</u>	<u>\$ 5,515,871</u>

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	6%	352%	697%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-06	01-01-05	01-01-05
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed 40 years	Level percentage of projected payroll, closed 30 years	Level percentage of projected payroll, closed 30 years
Amortization period			
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	7.25%	6%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75/4%*	2.75/4%*

* 2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 195,645	104%	\$ (6,383)
	06-30-05	198,606	107%	(20,361)
	06-30-06	213,758	108%	(22,045)
1925 Police Officers' Pension Plan	12-31-03	1,227,400	30%	4,441,163
	12-31-04	1,161,600	35%	5,199,229
	12-31-05	878,700	77%	5,402,215
1937 Firefighters' Pension Plan	12-31-03	1,403,300	35%	4,552,518
	12-31-04	1,387,700	37%	5,424,613
	12-31-05	867,700	89%	5,515,871

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2006, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	29	36
Terminated employees entitled to but not yet receiving benefits	-	-
Current active employees	6	3

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2006, 2005, and 2004, were \$617,730, \$590,339, and \$574,870, respectively, equal to the required contributions for each year.

F. Municipal Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the City to place a final cover on its municipal landfill when it stops accepting solid waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. The City has estimated the cost of closure and postclosure care to be \$590,038. These amounts are based on what it would cost to perform all closure and postclosure costs in 2003. The City expects to close the landfill in 2046. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The City prepares its financial statements on the prescribed basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. Therefore, the liability for estimated closure and postclosure care costs attributed to the current year's operations as required by Statement Number 18 of the Governmental Accounting Standards Board has not been computed.

CITY OF HUNTINGTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 3,716,849	\$ 4,268,061	\$ (551,212)	87%	\$ 3,561,407	(15%)
07-01-05	3,885,195	4,576,809	(691,614)	85%	3,488,256	(20%)
07-01-06	3,854,630	4,416,630	(562,000)	87%	3,626,801	(15%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 181,419	\$ 12,904,800	\$ (12,723,381)	1%	\$ 269,800	(4,716%)
01-01-02	603,791	11,797,000	(11,193,209)	5%	276,700	(4,045%)
01-01-03	963,561	11,893,300	(10,929,739)	8%	284,500	(3,842%)
01-01-04	717,997	11,580,900	(10,862,903)	6%	251,100	(4,326%)
01-01-05	494,268	11,379,900	(10,885,632)	4%	254,800	(4,272%)
01-01-06	554,092	11,834,600	(11,280,508)	5%	258,500	(4,364%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 148,770	\$ 15,309,200	\$ (15,160,430)	1%	\$ 192,700	(7,867%)
01-01-02	708,958	14,272,500	(13,563,542)	5%	197,600	(6,864%)
01-01-03	1,161,505	12,884,600	(11,723,095)	9%	284,400	(4,122%)
01-01-04	840,066	13,682,000	(12,841,934)	6%	209,300	(6,136%)
01-01-05	515,888	13,310,300	(12,794,412)	4%	212,400	(6,024%)
01-01-06	386,445	12,107,300	(11,720,855)	3%	129,300	(9,065%)

CITY OF HUNTINGTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FROM THE
EMPLOYER AND OTHER CONTRIBUTING ENTITIES

	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
1925 Police Officers' Pension Plan	12-31-00	\$ 1,248,300	31%	21%
	12-31-01	1,369,900	27%	48%
	12-31-02	1,302,300	41%	32%
	12-31-03	1,388,900	1%	25%
	12-31-04	1,385,500	5%	24%
	12-31-05	910,400	36%	38%
1937 Firefighters' Pension Plan	12-31-00	1,553,800	30%	23%
	12-31-01	1,589,100	31%	55%
	12-31-02	1,538,400	46%	36%
	12-31-03	1,567,800	3%	29%
	12-31-04	1,617,300	5%	27%
	12-31-05	900,700	37%	49%

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Motor Vehicle Highway	Local Road and Street	Solid Waste	Law Enforcement Continuing Education	Park and Recreation	Aviation	Building Demolition and Repair
Receipts:							
Taxes	\$ 22,238	\$ -	\$ 56,785	\$ -	\$ 595,321	\$ 4,471	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	2,280	-	-	-
Intergovernmental	639,970	85,032	105,361	12,410	56,715	406	2,648
Charges for services	2,160	-	159,502	1,764	5,938	25,151	-
Fines and forfeits	-	-	-	3,087	7,350	-	-
Other	515	-	7,461	8,698	21,226	25,176	-
Total receipts	664,883	85,032	329,109	28,239	686,550	55,204	2,648
Disbursements:							
General government	-	-	-	-	-	139,066	-
Public safety	-	-	-	24,822	-	-	6,845
Highways and streets	392,781	150,000	-	-	-	-	-
Sanitation	-	-	417,432	-	-	-	-
Culture and recreation	-	-	-	-	796,770	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	392,781	150,000	417,432	24,822	796,770	139,066	6,845
Excess (deficiency) of receipts over disbursements	272,102	(64,968)	(88,323)	3,417	(110,220)	(83,862)	(4,197)
Other financing sources (uses):							
Transfers in	380	-	3,078	916	8,592	6,006	-
Transfers out	(380)	-	(3,078)	-	(8,592)	(1,006)	-
Total other financing sources (uses)	-	-	-	916	-	5,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	272,102	(64,968)	(88,323)	4,333	(110,220)	(78,862)	(4,197)
Cash and investment fund balance - beginning	430,072	90,729	247,659	9,489	264,186	158,173	8,835
Cash and investment fund balance - ending	<u>\$ 702,174</u>	<u>\$ 25,761</u>	<u>\$ 159,336</u>	<u>\$ 13,822</u>	<u>\$ 153,966</u>	<u>\$ 79,311</u>	<u>\$ 4,638</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ 159,336	\$ 13,822	\$ -	\$ 79,311	\$ 4,638
Restricted assets:							
Cash and investments	702,174	25,761	-	-	153,966	-	-
Total cash and investment assets - December 31	<u>\$ 702,174</u>	<u>\$ 25,761</u>	<u>\$ 159,336</u>	<u>\$ 13,822</u>	<u>\$ 153,966</u>	<u>\$ 79,311</u>	<u>\$ 4,638</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highways and streets	\$ 702,174	\$ 25,761	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	153,966	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	-	159,336	13,822	-	79,311	4,638
Total cash and investment fund balance - December 31	<u>\$ 702,174</u>	<u>\$ 25,761</u>	<u>\$ 159,336</u>	<u>\$ 13,822</u>	<u>\$ 153,966</u>	<u>\$ 79,311</u>	<u>\$ 4,638</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Animal Immunization	Park and Recreation Center	Aviation Revolving	K-9 Training	Police LACE	AED Defibrillators Grant	Northeast Storm Water Project
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	271,270
Charges for services	-	54,033	169,874	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	12,172	-	-	-
Total receipts	-	54,033	169,874	12,172	-	-	271,270
Disbursements:							
General government	-	-	182,629	-	-	-	-
Public safety	584	-	-	8,259	5,176	22,384	-
Highways and streets	-	-	-	-	-	-	291,222
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	47,316	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	584	47,316	182,629	8,259	5,176	22,384	291,222
Excess (deficiency) of receipts over disbursements	(584)	6,717	(12,755)	3,913	(5,176)	(22,384)	(19,952)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(5,000)	-	-	-	-
Total other financing sources (uses)	-	-	(5,000)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(584)	6,717	(17,755)	3,913	(5,176)	(22,384)	(19,952)
Cash and investment fund balance - beginning	584	21,967	35,942	1,228	5,366	22,759	19,952
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 28,684</u>	<u>\$ 18,187</u>	<u>\$ 5,141</u>	<u>\$ 190</u>	<u>\$ 375</u>	<u>\$ -</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ 18,187	\$ 5,141	\$ 190	\$ 375	\$ -
Restricted assets:							
Cash and investments	-	28,684	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ -</u>	<u>\$ 28,684</u>	<u>\$ 18,187</u>	<u>\$ 5,141</u>	<u>\$ 190</u>	<u>\$ 375</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	28,684	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	-	18,187	5,141	190	375	-
Total cash and investment fund balance - December 31	<u>\$ -</u>	<u>\$ 28,684</u>	<u>\$ 18,187</u>	<u>\$ 5,141</u>	<u>\$ 190</u>	<u>\$ 375</u>	<u>\$ -</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Parking Lot	Federal Drug Seizure	Rainy Day	Riverboat	Park Building Deposit	Cops in School	Levy Excess
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	6,087	-	-	-	-	-	-
Intergovernmental	-	16,790	-	109,810	-	-	-
Charges for services	-	-	-	-	9,615	-	-
Fines and forfeits	5,395	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	11,482	16,790	-	109,810	9,615	-	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	3,261	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	9,783	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	-	3,261	-	-	9,783	-	-
Excess (deficiency) of receipts over disbursements	11,482	13,529	-	109,810	(168)	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	119,702
Transfers out	(11,452)	-	-	-	-	(13,179)	(119,702)
Total other financing sources (uses)	(11,452)	-	-	-	-	(13,179)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	30	13,529	-	109,810	(168)	(13,179)	-
Cash and investment fund balance - beginning	-	2,178	132,061	209,286	1,900	13,179	-
Cash and investment fund balance - ending	<u>\$ 30</u>	<u>\$ 15,707</u>	<u>\$ 132,061</u>	<u>\$ 319,096</u>	<u>\$ 1,732</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ 30	\$ 15,707	\$ 132,061	\$ 319,096	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	1,732	-	-
Total cash and investment assets - December 31	<u>\$ 30</u>	<u>\$ 15,707</u>	<u>\$ 132,061</u>	<u>\$ 319,096</u>	<u>\$ 1,732</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	1,732	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	30	15,707	132,061	319,096	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 30</u>	<u>\$ 15,707</u>	<u>\$ 132,061</u>	<u>\$ 319,096</u>	<u>\$ 1,732</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Park Splash Pad	City Building Lease Purchase	Storm Water Bond	Tax Increment Financing Phase IV	RDC Bond and Interest II	RDC Debt Reserve II
Receipts:						
Taxes	\$ -	\$ 178,768	\$ 239,680	\$ 136,559	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	17,027	22,793	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	22,739	-	-	-	254	-
Total receipts	22,739	195,795	262,473	136,559	254	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	132	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	168,882	-	-	-	-	-
Economic development	-	-	-	77,847	-	-
Debt service:						
Principal	-	180,000	207,000	-	244,874	-
Interest	-	17,500	171,093	-	56,271	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	168,882	197,500	378,225	77,847	301,145	-
Excess (deficiency) of receipts over disbursements	(146,143)	(1,705)	(115,752)	58,712	(300,891)	-
Other financing sources (uses):						
Transfers in	146,152	2,712	5,283	-	300,830	-
Transfers out	-	(2,712)	(5,283)	-	-	-
Total other financing sources (uses)	146,152	-	-	-	300,830	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9	(1,705)	(115,752)	58,712	(61)	-
Cash and investment fund balance - beginning	-	91,996	336,243	417,744	61	61,093
Cash and investment fund balance - ending	<u>\$ 9</u>	<u>\$ 90,291</u>	<u>\$ 220,491</u>	<u>\$ 476,456</u>	<u>\$ -</u>	<u>\$ 61,093</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	9	90,291	220,491	476,456	-	61,093
Total cash and investment assets - December 31	<u>\$ 9</u>	<u>\$ 90,291</u>	<u>\$ 220,491</u>	<u>\$ 476,456</u>	<u>\$ -</u>	<u>\$ 61,093</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	9	-	-	-	-	-
Debt service	-	90,291	220,491	476,456	-	61,093
Other purposes	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 9</u>	<u>\$ 90,291</u>	<u>\$ 220,491</u>	<u>\$ 476,456</u>	<u>\$ -</u>	<u>\$ 61,093</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Landfill Bond and Interest	CEDIT	Cumulative Capital Improvement	General Improvement	Cumulative Capital Development	Housing and Urban Development
Receipts:						
Taxes	\$ 52,967	\$ -	\$ -	\$ -	\$ 161,291	\$ -
Special assessments	-	-	-	24,154	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	5,045	702,067	62,340	-	15,361	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	1,634
Total receipts	58,012	702,067	62,340	24,154	176,652	1,634
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	406,133	-	-	-	-
Debt service:						
Principal	50,000	290,145	-	-	-	-
Interest	4,925	13,886	-	-	-	-
Capital outlay:						
General government	-	-	-	-	73,540	-
Highways and streets	-	-	38,370	21,168	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	17,500	-	-	-
Total disbursements	54,925	710,164	55,870	21,168	73,540	-
Excess (deficiency) of receipts over disbursements	3,087	(8,097)	6,470	2,986	103,112	1,634
Other financing sources (uses):						
Transfers in	797	-	-	-	2,542	-
Transfers out	(797)	-	-	-	(148,694)	-
Total other financing sources (uses)	-	-	-	-	(146,152)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,087	(8,097)	6,470	2,986	(43,040)	1,634
Cash and investment fund balance - beginning	50,974	760,837	32,396	130,520	668,108	24,076
Cash and investment fund balance - ending	<u>\$ 54,061</u>	<u>\$ 752,740</u>	<u>\$ 38,866</u>	<u>\$ 133,506</u>	<u>\$ 625,068</u>	<u>\$ 25,710</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	54,061	752,740	38,866	133,506	625,068	25,710
Total cash and investment assets - December 31	<u>\$ 54,061</u>	<u>\$ 752,740</u>	<u>\$ 38,866</u>	<u>\$ 133,506</u>	<u>\$ 625,068</u>	<u>\$ 25,710</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	54,061	-	-	-	-	-
Other purposes	-	752,740	38,866	133,506	625,068	25,710
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 54,061</u>	<u>\$ 752,740</u>	<u>\$ 38,866</u>	<u>\$ 133,506</u>	<u>\$ 625,068</u>	<u>\$ 25,710</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Revolving Loan	CEDIT Capital	Park Capital	Boys and Girls Club Grant	Airport Improvement Grant	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,448,080
Special assessments	-	-	-	-	-	24,154
Licenses and permits	-	-	-	-	-	8,367
Intergovernmental	-	-	-	127,338	466,407	2,718,790
Charges for services	-	-	-	-	-	428,037
Fines and forfeits	-	-	-	-	-	15,832
Other	21,888	-	-	-	-	121,763
Total receipts	21,888	-	-	127,338	466,407	4,765,023
Disbursements:						
General government	-	-	-	-	-	321,695
Public safety	-	-	-	-	-	71,331
Highways and streets	-	-	-	-	-	834,135
Sanitation	-	-	-	-	-	417,432
Culture and recreation	-	-	-	-	-	1,022,751
Economic development	-	-	-	-	-	483,980
Debt service:						
Principal	-	-	-	-	-	972,019
Interest	-	-	-	-	-	263,675
Capital outlay:						
General government	-	-	-	-	541,054	614,594
Highways and streets	-	-	-	-	-	59,538
Economic development	-	49,342	-	-	-	49,342
Culture and recreation	-	-	15,000	127,338	-	159,838
Total disbursements	-	49,342	15,000	127,338	541,054	5,270,330
Excess (deficiency) of receipts over disbursements	21,888	(49,342)	(15,000)	-	(74,647)	(505,307)
Other financing sources (uses):						
Transfers in	11,452	-	-	-	-	608,442
Transfers out	-	-	-	-	-	(319,875)
Total other financing sources (uses)	11,452	-	-	-	-	288,567
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	33,340	(49,342)	(15,000)	-	(74,647)	(216,740)
Cash and investment fund balance - beginning	301,683	49,342	35,914	-	74,647	4,711,179
Cash and investment fund balance - ending	<u>\$ 335,023</u>	<u>\$ -</u>	<u>\$ 20,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,494,439</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 747,894
Restricted assets:						
Cash and investments	335,023	-	20,914	-	-	3,746,545
Total cash and investment assets - December 31	<u>\$ 335,023</u>	<u>\$ -</u>	<u>\$ 20,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,494,439</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 727,935
Culture and recreation	-	-	-	-	-	184,391
Debt service	-	-	-	-	-	902,392
Other purposes	335,023	-	20,914	-	-	1,931,827
Unrestricted	-	-	-	-	-	747,894
Total cash and investment fund balance - December 31	<u>\$ 335,023</u>	<u>\$ -</u>	<u>\$ 20,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,494,439</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2006

	1925 Police Pension	1937 Firefighters' Pension	Totals
Additions:			
Contributions:			
Employer	\$ 202,937	\$ 562,842	\$ 765,779
Plan members	10,305	1,930	12,235
State	343,606	443,471	787,077
Other	5,063	4,642	9,705
	<u>561,911</u>	<u>1,012,885</u>	<u>1,574,796</u>
Total additions			
	561,911	1,012,885	1,574,796
Deductions:			
Benefits	637,379	1,115,010	1,752,389
Administrative and general	3,657	7,521	11,178
Other	4,598	4,642	9,240
	<u>645,634</u>	<u>1,127,173</u>	<u>1,772,807</u>
Total deductions			
	645,634	1,127,173	1,772,807
Deficiency of total additions under total deductions	(83,723)	(114,288)	(198,011)
Cash and investment fund balance - beginning	<u>554,092</u>	<u>386,445</u>	<u>940,537</u>
Cash and investment fund balance - ending	<u>\$ 470,369</u>	<u>\$ 272,157</u>	<u>\$ 742,526</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2006

	<u>Park Donation</u>	<u>Police Reserve Donation</u>	<u>Fire Department Donation</u>	<u>Totals</u>
Additions:				
Contributions:				
Other	<u>\$ 91,119</u>	<u>\$ 510</u>	<u>\$ 4,439</u>	<u>\$ 96,068</u>
Deductions:				
Administrative and general	<u>110,985</u>	<u>-</u>	<u>6,549</u>	<u>117,534</u>
Excess (deficiency) of total additions over total deductions	(19,866)	510	(2,110)	(21,466)
Cash and investment fund balance - beginning	<u>18,193</u>	<u>450</u>	<u>5,236</u>	<u>23,879</u>
Cash and investment fund balance - ending	<u><u>\$ (1,673)</u></u>	<u><u>\$ 960</u></u>	<u><u>\$ 3,126</u></u>	<u><u>\$ 2,413</u></u>

CITY OF HUNTINGTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets completed in the current and prior years have been reported. Retroactive reporting of general infrastructure assets will occur by December 31, 2007.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 183,418
Infrastructure	1,945,080
Buildings	8,401,595
Improvements other than buildings	2,390,692
Machinery and equipment	<u>5,491,191</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 18,411,976</u>

Primary Government

Business-type activities:

Water Utility:

 Capital assets, not being depreciated:

Land	\$ 126,720
Construction in progress	79,200

 Capital assets, being depreciated:

Buildings	1,200,551
Improvements other than buildings	11,100,911
Machinery and equipment	2,014,583
Transportation equipment	<u>387,064</u>

 Total Water Utility capital assets 14,909,029

Wastewater Utility:

 Capital assets, not being depreciated:

Land	131,620
------	---------

 Capital assets, being depreciated:

Buildings	10,899,046
Improvements other than buildings	23,543,180
Machinery and equipment	1,302,053
Transportation equipment	<u>395,365</u>

 Total Wastewater Utility capital assets 36,271,264

Total business-type activities
 capital assets

\$ 51,180,293

CITY OF HUNTINGTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

December 31, 2006

CAPITAL LEASES

The City has entered into the following capital leases:

Description of Asset	Present Value of Net Minimum Lease Payments	Ending Balance	Due Within One Year
Governmental Activities:			
Buildings	\$ 465,000	\$ 490,750	\$ 180,000
Machinery and equipment	820,065	989,366	116,352
Business-type Activities:			
Wastewater Utility			
Machinery and equipment	126,183	130,338	103,544
Water Utility			
Machinery and equipment	35,651	37,271	13,011

	Ending Balance	Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 2,445,000	\$ 127,000
Bonds payable:		
General obligation bonds:		
\$440,000 1995 landfill	55,000	55,000
\$1,000,000 1996 tax increment financing	225,000	110,000
\$1,395,000 1997 tax increment financing	1,105,000	50,000
\$675,000 2000 tax increment financing	450,000	50,000
\$475,000 2001 storm water	420,000	20,000
\$2,340,000 2001 economic development income tax refunding	85,000	85,000
\$1,545,000 2002 storm water district	1,380,000	65,000
\$877,979 2003 tax increment financing	817,969	40,473
Total governmental activities long-term debt	<u>\$ 6,982,969</u>	<u>\$ 602,473</u>
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
\$9,050,000 1998 wastewater improvement	\$ 7,205,000	\$ -
\$1,390,000 2003 wastewater refunding	1,205,000	75,000
Total Wastewater Utility	<u>\$ 8,410,000</u>	<u>\$ 75,000</u>

CITY OF HUNTINGTON
OTHER REPORT

The annual report presented herein was prepared in addition to the other official report prepared for the individual City office listed below:

City of Huntington Municipal Utilities

CITY OF HUNTINGTON
AUDIT RESULTS AND COMMENTS

PENALTIES, INTEREST AND OTHER CHARGES

A \$1,027 penalty was paid to the Internal Revenue Service on September 14, 2006, for the late deposit of payroll taxes. The payroll taxes were due April 19, 2006, but were not paid until April 20, 2006.

A \$5,156 penalty was paid to the Internal Revenue Service on March 5, 2007, for the late deposit of payroll taxes. The payroll taxes were due November 29, 2006, but were not paid until December 15, 2006.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COLLECTION OF OVERPAYMENT

On May 31, 2006, a check in the amount of \$6,175 was issued to Avfuel Corporation from the Aviation Revolving Gas and Oil Fund. The payment was for fuel purchased for resale at the airport. The check was deposited by Avfuel Corporation, but the payment was not credited to the Huntington Municipal Airport account.

During the audit, this was brought to the attention of the airport officials. Avfuel Corporation was contacted and a \$6,175 credit was made to the Huntington Municipal Airport's account on June 27, 2007.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF HUNTINGTON, HUNTINGTON COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Huntington (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 16, 2007

CITY OF HUNTINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2006

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program	14.228	CF-04-207	\$ 127,338
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Pass-Through Indiana Department of Natural Resources Historic Preservation Fund Grants-In-Aid	15.904	20416-1	2,095
Outdoor Recreation-Acquisition, Development and Planning	15.916	18-00545	73,083
Total for federal grantor agency			75,178
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607	FY2005	2,700
Public Safety Partnership and Community Policing Grants	16.710	2002-UM-WX-0334	28,365
Pass-Through Indiana Criminal Justice Institute Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-0759	8,245
Total for federal grantor agency			39,310
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Safety Cluster			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	OP-06-02-03-60 OP-07-01-01-47 J8-2006-04-04-01	5,350 1,450 10,506
Total for program			17,306
Direct Grant			
Airport Improvement Program	20.106	3-18-0036-07	220,095
Total for federal grantor agency			237,401
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management Capitalization Grants for Clean Water State Revolving Funds	66.458	CS18230901	119,467
Total federal awards expended			\$ 598,694

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF HUNTINGTON
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Huntington (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted?	no
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Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF HUNTINGTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF HUNTINGTON
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2007, with Terry R. Abbett, Mayor; and Pamela J. Updike, Clerk-Treasurer.